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America's Dilemma in the Far East

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AS Hitler won one victory after another in Europe during the spring of 1940, Japan's leaders renewed their expansionist drive—aimed now mainly at Indo-China and the Netherlands Indies. For nearly eight months, since September 1939, Tokyo had been largely immobilized by circumstances beyond its control. After years of gruelling effort the war in China was unfinished and large Japanese armies were still tied to the mainland. Three years of conflict, moreover, had taken their toll of Japan's resources, both in wealth and man power. At home a war-weary population longed for peace and termination of the inconclusive fighting in China. On the international front, Japan's position was made vulnerable by the opposition of the two most powerful neutral countries—the United States and the Soviet Union. During the first phase of the European conflict these internal and external conditions had dictated the policy of "non-involvement" pursued by the Japanese government.

By the middle of 1940 international factors had turned in Japan's favor, and the temptation to seize the rich Anglo-French-Dutch possessions in southeast Asia was growing stronger in Tokyo. In April, before the Allies and Germany had entered on their death grapple in Flanders and France, Tokyo had already staked a preliminary claim to the Netherlands Indies. The sharp reaction from Washington, followed by measures to base the American fleet at Hawaii, had a sobering influence on Japan. By June, however, the French armies had been defeated, Britain was on the defensive, and it was no longer certain that the American fleet could be indefinitely maintained in the Pacific. Tokyo was also exerting strong diplomatic efforts at Moscow, with some measure of success, to reach an agreement that would neutralize the Soviet Union and thus protect Japan's northern flank. Japan's ties with the Berlin-Rome axis, in spite of the Soviet-German pact, were again being strengthened. In China, and at home, obstacles to further Japanese expansion had not been removed, but the interna-

tional barriers to more ambitious military-naval adventures were rapidly crumbling.

As the international scene shifted with lightning speed, Japan was confronted with a fateful choice. It could maintain the cautious policy, followed since the outset of the European conflict, of seeking to consolidate its position in China. The difficulties were still great, and rapid success was unlikely. Prospects of an agreement with the Chinese national government, designed to bring the war to a speedy conclusion, were not bright. An attempt to break the military stalemate would require a large additional outlay in men and money. Offensive operations would have to be intensified. Formal recognition of Wang Ching-wei's government would become necessary. Efforts to conciliate the Western powers and, if possible, to win their acquiescence to Japanese hegemony in China would have to be continued.

A second alternative, more risky but also more tempting, was open to Japan. It could stand on the defensive in China, abandon the policy of "non-involvement" in the European war, and launch an attack on the possessions of the Western powers in eastern Asia. These possessions lay spread out within three great radial arcs to the south of the Japanese islands. In the first arc, on the China coast, were the foreign concessions, especially Shanghai and Tientsin, and the strategic port of Hongkong. Further south the second arc included the Philippines and Indo-China, as well as Siam. Within the third arc, two to three thousand miles south of Japan, lay the territories of Malaya, including the Singapore base, and the East Indies. Despite the greater risks involved, the third region offered by far the richest and most important prize. Possession of Singapore meant effective strategic control of southeast Asia, while only the East Indies and Malaya contained the raw materials—notably oil, tin and rubber—that would mean self-sufficiency for an expanding Japanese empire. Without this prize, whatever gains might be won in China would still be incomplete and would rest

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on shaky foundations. Until these raw materials were safely controlled, Tokyo's goal of a "new order in East Asia" could not be fully realized. The Western powers would still be able to muster sufficient economic strength to curb Japan's imperial ambitions.

Obstacles to the larger operations remained, but they were becoming less formidable. They included the unfinished war in China, difficulties on the home front, such resistance as the Anglo-French-Dutch forces might be able to offer, the danger of exposing Japan's northern flank to the Soviet Union, and the presence of the American navy in the Pacific. Crushing Allied reverses in Europe, neutralization of Soviet opposition by a diplomatic agreement, and transfer of the American navy to the Atlantic would drastically reduce the effectiveness of the last three obstacles. Under such conditions the first two—war in China and internal difficulties—could be temporarily disregarded, and Japan might elect to strike. Pressure within Japan for direct action was reflected by steps taken on June 24 to form a totalitarian party, headed by Prince Konoye and supported by the military-fascist circles.

JAPAN'S UNFINISHED WAR

Three Japanese Cabinets, headed by Premiers Hiranuma, Abe and Yonai, have successively declared that the prime objective of national policy was disposal of "the China affair."¹ Japan's energies and resources have become absorbed by the war in China on a scale never envisaged in 1937. The restrictions thus imposed on Tokyo's freedom of action, both in political and economic spheres, became fully apparent with the outbreak of war in Europe. Under these conditions, during the inactive phase of the European war, the launching of Wang Ching-wei's régime at Nanking constituted the sole forward move taken by Japan.

It is possible to overrate the intrinsic importance of this event. Japan's international position would have undergone a real change had the new Nanking government been strong in its own right. Partial withdrawal of Japanese troops, with a consequent lessening of the drain on Japan's resources, would then have become possible. Japan would thus have regained some degree of maneuverability with relation to the European conflict. In reality, the Wang Ching-wei régime possessed little popular support or independent power, and its establishment made no appreciable change in the actual balance of forces in the Far East.

1. For these statements, cf. *The Japan Weekly Chronicle* (Kobe), January 12, 1939, p. 36; January 25, 1940, p. 85; also *Contemporary Japan* (Tokyo, The Foreign Affairs Association of Japan), October 1939, p. 1045.

Wang Ching-wei was inaugurated "president" of China on March 30, 1940, in a capital dominated by Japanese troops. A few days earlier he had traveled up-river from Shanghai on a steamer escorted by Japanese gunboats; during the trip he was obliged to stay below decks for fear of Chinese attacks.² Behind these surface factors lay weaknesses that were more fundamental. An essentially separate administration was retained for the North China and Inner Mongolian provinces, thus limiting the centralization which the new régime was supposed to accomplish.³ Formal recognition of the new régime by Japan was delayed, although General Nobuyuki Abe, former Japanese Premier, was sent to Nanking in April 1940 for the announced purpose of concluding a treaty with Wang Ching-wei's administration. The new government's sources of revenue are still uncertain; in April it received a direct cash advance of 60 million Chinese dollars from Japan.⁴ Finally, Wang Ching-wei's régime commands no effective Chinese military forces and is therefore unable to carry on warfare against the nationalist armies, the burden of which must be shouldered by Japan.

The military setting for the inauguration of the Nanking government was by no means propitious. Since the autumn of 1939 Japan's high command had been seeking to strengthen the foundations of the projected régime by new victories in the field. Yet formal establishment in March 1940 occurred against a background of inconclusive engagements and, in at least two cases, of severe Japanese defeats. A campaign launched against Changsha in September had been decisively routed within the brief space of three weeks. At the turn of the year, a strong Japanese drive along the railway north of Canton met with a similarly decisive reverse.

A third Japanese offensive had meanwhile effected the capture of Nanning, strategic communications center in Kwangsi province. The occupation of Nanning in November 1939 closed auxiliary Chinese supply routes through that city, and rendered the French railway from Indo-China into Yunnan province more vulnerable to bombing attack. An unsuccessful Japanese attempt to extend the area of occupation around Nanning led to a series of important engagements in Kwangsi

2. *The New York Times*, March 12, 1940.

3. Rivalries between various cliques in the Japanese army, backing different puppet candidates in the major zones of occupation, had continuously prevented effective unification of the occupied regions. Another factor may also be noted. If a compromise "peace" could be arranged, Japan would probably seek to retain direct control of the northern provinces.

4. *New York Herald Tribune*, April 20, 1940. Nearly half of the cash advance was used to "pay off" the previous Nanking puppet government under Liang Hung-chih.

during early February, in the course of which both sides suffered heavy casualties.⁵ The end of this struggle was marked by an extraordinary proclamation, issued on February 14 by the Japanese army command, which termed further Chinese resistance "useless" and urged Generalissimo Chiang Kai-shek to surrender. The Japanese army, said the proclamation, had won "sufficient areas in China for establishment of the new order in Asia. . . . Supply routes to Chungking have been cut and rapid progress is being made in formation of a new central government in China under Wang Ching-wei. Therefore in the future we will not expand our operations but will await your offensive. In case you adopt this latter plan, we will resort to necessary tactics and add more pages to the war annals of the world."⁶

The statement of the Japanese command that it was going over to the defensive represented a clear admission that it was unable to break China's military resistance. Japan's occupation of Nanning was maintained, but exerted no decisive effect on China's ability to continue the struggle. New Chinese highway routes into Indo-China were established further inland; after a brief interruption, traffic along the Indo-China railway, although in reduced amounts, was restored.⁷ A series of costly Japanese offensives had again confirmed the existing military stalemate. Wang Ching-wei's inaugural at Nanking thus marked no conclusion to hostilities. It merely punctuated a war of attrition which still continued, and the outcome of which remained uncertain.

These military factors largely counteracted the political purposes which the Wang Ching-wei régime was expected to serve within China. Formation of the new government, according to Japanese calculations, was expected to undermine Chinese morale and encourage defeatism and dissension at Chungking. The strength of Chinese military resistance during the winter months led, in fact, to desertions from Wang Ching-wei's camp. In January two of the latter's adherents, Kao Tsung-wu and Tao Hsi-sheng, made public at Hongkong the details of an agreement which, they claimed, had been reached between Wang Ching-wei and the Japanese.⁸ The political and economic terms of this agreement virtually condemned China to a colonial status. Publicity given the document throughout free China had the effect of strengthen-

5. For details of this campaign, cf. *Far East Bulletin* (Hongkong), March 1, 1940, pp. 1-3.

6. *Christian Science Monitor*, February 14, 1940.

7. In June 1940, however, France agreed to halt shipments into Yunnan province. Cf. p. 106.

8. *The New York Times*, January 22, 1940; for text, cf. *Amerasia*, February 1940, pp. 542-48.

ing Chinese determination to continue the struggle at all costs.

During this period, on the other hand, Kuomintang-Communist relations underwent a crisis which threatened to develop into open rupture. Efforts were made to suppress Communist publications in Szechuan province, Kuomintang units attacked Eighth Route Army detachments at several points in the northwest, and severe clashes took place between the old Shansi provincial troops and the newer guerrilla forces.⁹ Conditions gradually improved during the early spring of 1940, and in April the central government succeeded in obtaining a compromise settlement.¹⁰ The agreement included three main points. It reduced the territory of the Shensi-Kansu-Ninghsia Border Region, the recognized garrison district of the Eighth Route Army, from 23 to 19 *hsien*, or counties.¹¹ The possibility of friction was further lessened by provision for a single magistrate in each of the remaining 19 *hsien*, where formerly the Kuomintang had appointed a second magistrate. In the second place, the three regular Eighth Route Army divisions formerly supported by the central government's treasury were increased to six. Appropriate provisions were also made for the reorganization of other troops into guerrilla and local units. Finally, administrative areas, as well as areas of military operation for the Eighth Route Army, were delimited in the guerrilla districts of the occupied northern provinces such as Shansi and Hopei.

This compromise settlement accompanied the fifth session of the People's Political Council, meeting April 1-10 at Chungking, where Generalissimo Chiang Kai-shek declared that China had laid "a solid foundation for final victory" and that all must redouble their efforts and "be firmly determined to carry on armed resistance for another three years."¹² The Council marked its own demise by approving the final revised draft of the new Constitution, under which constitutional government and a National Assembly will be inaugurated in November 1940.

Settlement of the united front differences in Shansi¹³ was a signal for the eleventh major Japanese drive into the southern areas of the province.

9. For details, cf. *Far East Bulletin*, cited, February 15, 1940, pp. 3-4; April 15, 1940, p. 5.

10. *Ibid.*, April 15, 1940, p. 6.

11. After several armed clashes with Kuomintang units, the Eighth Route Army had previously withdrawn from the four *hsien* under dispute.

12. *The New York Times*, April 2, 1940.

13. Staff members of both the "old" and "new" troops pledged allegiance to General Yen Hsi-shan, commander-in-chief of the second war zone, and affirmed their determination to continue the war of resistance in Shansi.

By April 25 five Japanese columns, totaling 60,000 men, were approaching their preliminary objectives in southwestern Shansi.¹⁴ Ten days later the Chinese forces had partially severed the invaders' lines of communication and the advanced centers of Japanese occupation were in a precarious position.¹⁵ Any possibility of effecting a crossing of the Yellow River, the goal of all Japanese offensives in this region, had already been eliminated.

Early in May a larger and more powerful Japanese offensive, designed to split off the northern provinces from the southwest, was launched toward the upper Han River valley of Hupeh province. The first phase of this drive, centered in the northern areas of the province, repeated the pattern of a similar operation in the same region one year earlier.¹⁶ After preliminary advances, the offensive met with increasing resistance and was finally driven into a disastrous retreat.¹⁷ In June, however, a strong Japanese drive in the southern region of Hupeh province threatened to establish control over the strategic port cities of Shasi and Ichang on the Yangtze River above Hankow. These offensives were accompanied by large-scale Japanese bombing raids on Chungking which inflicted heavy civilian casualties.

JAPAN'S ROLE IN THE WAR

Events on the eve of the European war had accentuated Japan's international isolation. The Soviet-German pact of August 23, 1939 limited the effectiveness of any direct military support which Japan could expect from Germany and established conditions under which the U.S.S.R. could maintain its neutrality in the European war. Japan had not foreseen this eventuality, which enabled the Soviet Union to deploy greater rather than less strength in the Far East. Relations with the United States were equally disquieting. Six weeks before the war broke out, Secretary Hull had served notice of termination of the Japanese-American trade treaty. In view of Japan's extreme dependence on the American market, Tokyo could only view the possible effects of abrogation of the treaty with the deepest concern.

At the outset of the war, therefore, Japan had immediately assumed a neutral attitude, even while studiously avoiding use of the term "neutrality." The Hiranuma Cabinet, discredited by the Soviet-German pact which had taken it unawares, resigned

en bloc on August 28 and a new government was formed under General Nobuyuki Abe. On September 4, 1939 Premier Abe delivered one of the briefest policy statements on record. In a single sentence he declared: "In the face of the European war that has just broken out, Japan intends not to be involved therein: she will concentrate her efforts on the settlement of the China affair."¹⁸ On September 13 the new Cabinet issued a more comprehensive statement on national policies, both domestic and foreign. The diplomatic program was succinctly formulated in these terms: "With settlement of the China Affair as its pivotal policy, the Government intend to deal with complex and delicate international developments by firmly maintaining the independent position of the Empire." The Cabinet also stated that it would render "positive assistance" in the establishment of "a new central Government in China," and would seek an "adjustment of foreign relations."¹⁹

The relatively modest aims of this program constituted a recognition of the limitations imposed on Japanese action by the circumstances under which the war in Europe had begun. It was clear that military-naval action in spheres other than China would be shunned, at least for some considerable period. Japan's diplomats were entrusted with an "adjustment of foreign relations" that would limit the effectiveness of external opposition to the program in China. During the preliminary months of the European war, Far Eastern diplomacy was dominated by two major events: expiration of the Japanese-American trade treaty, and the launching of Wang Ching-wei's régime at Nanking.

EXPIRATION OF THE TRADE TREATY

Adjustment of Japan's foreign relations was already proceeding at the time of the Cabinet statement of September 13. It was apparent in a marked lessening of the belligerent attack on British interests in China, centering around the blockade of Tientsin, which had been pursued during the summer of 1939.²⁰ It was even more evident in the Soviet-Japanese agreement of September 15, which called a truce to large-scale hostilities that had been taking place on the Outer Mongolian border.²¹ Despite the speculation occasioned by these moves, no further development of any significance in Japan's relations with either Britain or the Soviet Union occurred for some months.

14. *The New York Times*, April 26, 1940.

15. *Ibid.*, May 4, 1940.

16. For the previous campaign, cf. T. A. Bisson, "Japan's Position in the War Crisis," *Foreign Policy Reports*, November 1, 1939, pp. 195-96.

17. *The New York Times*, May 12, 14, 31, 1940.

18. *Contemporary Japan*, cited, October 1939, p. 1045.

19. *Ibid.*

20. Cf. Bisson, "Japan's Position in the War Crisis," cited, p. 201.

21. *Ibid.*, p. 202.

During this period attention was focused mainly on the issues arising from abrogation of the Japanese-American trade treaty.

Japanese diplomacy was directed, in the first instance, toward the negotiation of a new trade treaty, or at least of a *modus vivendi*, to replace the 1911 agreement. From the beginning, the outlook in this regard did not appear favorable, and in case of failure Japan was mainly concerned to see that no major restrictions should be placed on its access to the American market. The United States, rather than Japan, took the initiative in the form of an address delivered by Joseph C. Grew, the American Ambassador, before the America-Japan Society at Tokyo on October 19, 1939.²² In unequivocal language, "straight from the horse's mouth," Ambassador Grew declared that "American public opinion strongly resents some of the things that Japan's armed forces are doing in China today, including actions against American rights and legitimate interests in China. On that subject public opinion in the United States is unanimous. . . . The American Government and people understand what is meant by 'the new order in East Asia,'" which "has appeared to include, among other things, depriving Americans of their long-established rights in China and to this the American people are opposed."

By this striking maneuver the American attitude on Far Eastern issues undoubtedly reached a larger section of the Japanese people than at any previous time, with effects on Japanese public opinion much greater than in the case of the protest notes of October 6 and December 31, 1938. Yet the negotiations which followed achieved only the most meager results. Beginning with November 4, 1939, a series of formal meetings was held between Ambassador Grew and Admiral Nomura, the Japanese Foreign Minister. During the early meetings Admiral Nomura apparently indicated that Japan would make compensation for some of the cases affecting injury to American life and property in China.²³ At the fourth and final conference, held on December 22, Admiral Nomura made a qualified pledge that Japan would reopen the lower Yangtze River to foreign commerce.²⁴ Reports of this meeting, given out by the Japanese Foreign Office, intimated that Ambassador Grew

22. Department of State, *Bulletin*, November 11, 1939, pp. 509-16.

23. The exact number of cases has never been officially divulged, although some reports have surmised that about 200 out of 600 odd cases have already been handled.

24. *The New York Times*, December 23, 1939. The time of opening was not specified, and continuance of some restrictions was envisaged. The pledge had still not been implemented by late June.

informed Admiral Nomura that the American government "will take steps at an early opportunity to insure that trade relations between the two countries will continue to be carried on without hindrance."²⁵

Such measures were actually taken at Washington shortly after the American Ambassador's last session with the Japanese Foreign Minister. They were referred to by the Foreign Office spokesman at Tokyo, in a statement issued on January 26, 1940, as follows: "the American Government, in order that Japanese-American trade relations should not unduly suffer, took steps through decrees issued toward the end of 1939 by the Treasury and the Department of Commerce to exempt Japanese ships from light dues and from additional tonnage duties and the 10 per cent *ad valorem*, discriminatory duties on cargoes brought in by Japanese vessels. . . . Consequently, despite the non-treaty situation, the commercial relations between Japan and America will in practice be subject to no change. . . . Japanese subjects now residing in, or going to, America in the capacity of the so-called 'treaty merchant' are to be treated thereafter by the American Government as temporary visitors. But this is not considered likely to cause any special difficulties."²⁶

In the negotiations conducted at Tokyo, the Japanese government had thus failed to secure a new treaty or even a formal *modus vivendi* on trade relations with the United States. Trade continued under the ordinary provisions of domestic and international law, but on a "day-to-day" basis. On the other hand, the steps taken by the American government had relieved Japan of any special or immediate disabilities attendant on the non-treaty status. In this respect, Japan had satisfactorily met the practical necessities of its situation—dangerously vulnerable if access to the American market were lost.

The full importance of Japan's trade with the United States during the 1937-39 period is shown in Table I.²⁷ During these years Japan purchased American goods valued at \$760 million, not including an additional \$50 million bought by Manchoukuo. Well over \$500 million of this total represented materials essential for war purposes, or between 50 and 60 per cent of Japan's total imports of such materials. Since the European conflict began, the proportion of Japan's war imports

25. *New York Herald Tribune*, December 23, 1939.

26. *Contemporary Japan*, cited, March 1940, pp. 350-51.

27. Sources: *Trade of the United States with Japan, China, Hongkong and Kwantung, for the year 1939*; also same for 1938 (Department of Commerce, Washington, D. C.); also *Bulletin No. 17*, Appendix C. The Chinese Council for Economic Research, Washington, D. C.

obtained from the United States has undoubtedly increased.²⁸ In addition, the American market has absorbed \$492 million worth of Japanese goods, by far the largest single contribution to Japan's foreign exchange resources. This factor is hardly less significant than the extent to which the United States has become Japan's chief source of supply.

TABLE I
AMERICAN TRADE WITH JAPAN, 1937-39
(in millions of dollars)

	Exports	Imports	Gold Purchases
1937	289	204	246
1938	240	127	169
1939	231	161	166
	760	492	581

In 1938-39 an increasing majority of the American people had expressed support of measures to curtail Japan's trading privileges in the United States, so long as Japanese aggression in China continued in violation of the Nine-Power Treaty. With expiration of the Japanese-American trade treaty, the last technical obstacle to effective steps in this direction was removed. Two broad methods of action could be pursued. The executive branch of the American government, through such measures as countervailing duties, possessed the requisite powers to limit the sale of Japanese goods in the United States. The immediate likelihood of such action, however, was lessened by the steps officially taken in December 1939 to prevent any special limitations on Japanese exports following abrogation of the trade treaty.

There remained the alternative possibility of imposing restrictions on the sale of American war materials to Japan. Proposals along this line had already been placed before the Senate and House committees in the 1939 session of Congress. At the beginning of 1940 two embargo resolutions, sponsored respectively by Senators Pittman and Schwellenbach, were under consideration by the Senate Foreign Relations Committee.²⁹ During January and early February the chairman of the

28. This trade, moreover, has become increasingly concentrated in wartime commodities to the detriment of normal American exports to Japan, such as raw cotton. The ratio of war materials to total exports, taking the first 11 months in each case, has increased as follows: 58 per cent in 1937, 67 per cent in 1938, and 70 per cent in 1939. *Bulletin No. 17*, The Chinese Council for Economic Research, cited, p. 1.

29. The Pittman Resolution (S.J. Res. 123, 76th Congress, 1st Session) was discretionary, empowering the President to forbid the export of arms and ammunition and certain other specified war materials, such as iron, steel, oil, gasoline and scrap metals, when he found that any party to the Nine-Power Treaty was "endangering the lives of citizens of the United States or depriving such citizens of their legal rights and privileges." The Schwellenbach Resolution (S.J. Res. 143, 76th Congress, 1st Session) called for a mandatory embargo on the export of any article or materials used in violation of the Nine-Power Treaty.

committee, Senator Pittman, indicated through various public statements that he expected an embargo proposal to be reported to the floor of the Senate. On February 18 the Senate Committee was held to be so evenly divided that a word from Secretary Hull would be decisive; the Secretary's opposition to such a measure, however, was tacitly demonstrated by his unwillingness to testify before the committee.³⁰ At the next meeting of the Foreign Relations Committee, held on February 21, the embargo resolutions were entirely ignored, despite the fact that Senator Pittman had previously regarded them as the primary items on that day's calendar.³¹ During these weeks it became clear that the pressure quietly applied by the State Department had proved decisive in preventing the bills from being reported to the floor of Congress.

In actual practice, therefore, no major restrictions have been placed on the flow of American war materials to Japan during the three years of the Sino-Japanese conflict. The "moral embargo" on shipments of military aircraft, imposed in 1938, was extended in January 1940 to cover equipment, processes and personnel for the construction of petroleum refinery plants in Japan. These measures, however, left untouched the major items of American war exports to Japan, including petroleum and petroleum products, iron and steel scrap, copper, metal-working machinery, automobiles, ferro-alloys, iron and steel semi-manufactures, and lead.

THE NANKING REGIME

Formal establishment of Wang Ching-wei's government at Nanking, which occurred March 30, 1940, preceded the German invasion of Norway by ten days. With relative calm on the European front, international attention was caught for a brief period by the inaugural ceremony in China's former capital.

Two diplomatic moves of considerable interest, indirectly related to the launching of the new régime, had occurred some days earlier. On March 7 the Export-Import Bank announced that a 20-million dollar loan, secured mainly on shipments of Yunnan tin to the United States, had been advanced to China.³² Under the circumstances, the step thus taken constituted an explicit reminder to Japan that Washington recognized the Chungking authorities as the legitimate Chinese government. That the move was so construed in Tokyo was indicated by the Foreign Office spokesman on

30. *The New York Times*, February 18, 1940.

31. *New York Herald Tribune*, February 22, 1940.

32. The American government had made a previous loan to China of 25 million dollars in December 1938.

March 8, when he described the loan as an "unfriendly act" because "we are on the verge of seeing the establishment of a new central government in China."³³

Three weeks later, on March 28, the British Ambassador at Tokyo, Sir Robert Leslie Craigie, delivered an address before the annual meeting of the Japan-British Society. In the course of this speech, he declared: "Japan and Great Britain are two maritime Powers on the fringe of Continents and vitally concerned with events on those Continents. Methods may in some cases differ, but both countries are ultimately striving for the same objective, namely, lasting peace and the preservation of our institutions from extraneous subversive influences. It is surely not beyond the powers of constructive statesmanship to bring the aims of their national policies into full harmony."³⁴ The timing of this address, no less than its tenor, carried the implication that Britain was ready to acquiesce in the establishment of a Japanese-sponsored régime at Nanking. In answer to widespread criticism, voiced both in the United States and Great Britain, Mr. R. A. Butler, Under-Secretary for Foreign Affairs, stated in Parliament on April 3 that "there is no question of the government's changing their view of what they continue to regard as the legitimate government of China." Under questioning, however, he defended the Ambassador's speech and declared that "the government sees no objection to improving their relations with Japan."³⁵

The attitude of the United States toward the new Nanking government was expressed in a stiffly worded statement issued on March 30. Secretary Hull reaffirmed the "unchanged position" of the American government "with regard to various aspects of the situation in the Far East" as "made clear on numerous occasions," and fully reserved all American rights. Establishment of Wang Ching-wei's régime was characterized as another step "in a program of one country by armed force to impose its will upon a neighboring country and to block off a large area of the world from normal political and economic relationships with the rest of the world." After referring to American recognition of China's national government in 1928, Secretary Hull concluded: "The Government of the United States has ample reason for believing that that government, with capital now at Chungking, has had and still has the allegiance and support of the majority of the Chinese people. The Government of the United States of course continues to recognize that government as the Government of China."³⁶

33. *The New York Times*, March 9, 1940.

34. For text, cf. *Amerasia*, May 1940, pp. 124-25.

At Tokyo the Japanese government also made public a formal declaration on March 30, pledging its "wholehearted cooperation and support" to Wang Ching-wei.³⁷ The program announced by Wang at Nanking specifically included the "establishment of a new order in East Asia" as one of its objectives, and his formal proclamation declared that "China and Japan, like two brothers reconciled after an unfortunate resort to arms, will be everlastingly at peace and will jointly stabilize East Asia." The statement that the Nanking government would respect the legitimate rights and interests of "friendly powers" amounted to a thinly veiled threat. It was made more explicit in a broadcast to Japan by Wang Ching-wei, during which he declared that Tokyo would assist China "to fulfill the requirements of an independent state, such as the abolition of extraterritoriality and the rendition of foreign concessions."³⁸

In the diplomatic sphere, the value of the Nanking régime to Japan depends mainly on the extent to which the latter feels able to defy the foreign powers. If they choose, Japanese officials can now refer foreign protests to Nanking, and thus indirectly seek to force the powers to deal with Wang Ching-wei on a *de facto* basis. Moreover, should Italy or other states recognize the Nanking authorities, discrimination in favor of such "friendly" powers would create serious friction with states which refuse recognition. Thus far Japan has not felt strong enough to use the Nanking government as the vehicle for a direct attack on the foreign concessions. Early in April the Japanese nationals in Shanghai, by nominating five of their members to the Municipal Council, sought to gain control of the administration of the International Settlement. This maneuver, however, did not rely on *force majeure*, and in the elections held April 10-11 the previous ratio in the Council, i.e., 5 British, 5 Chinese, 2 Americans, and 2 Japanese, was maintained.³⁹

On June 19, 1940 the year-old dispute at Tientsin was settled by concessions on the part of Britain and France which met most of Japan's terms. Ten per cent of the Chinese government's silver stocks in the British and French concessions, amounting to £300,000, was allocated to relief purposes, while the remainder was sealed pending its final dis-

35. *The New York Times*, April 4, 1940.

36. *Ibid.*, March 31, 1940.

37. *Ibid.* It is "only natural," the statement asserted, that "Japan should show a special concern and desire for the development and utilization of the resources of China. Japan has no intention of excluding peaceful economic activities of third powers that conform with the new situation in East Asia."

38. For these statements, cf. *ibid.*

39. *New York Herald Tribune*, April 12, 1940.

position. The Japanese-sponsored currency in North China was given the right to circulate on an equal footing with the Chinese currency, and measures for Japanese cooperation in policing the concessions were accepted. The blockade was lifted on June 20 by the local Japanese military authorities.⁴⁰

JAPAN'S MOVES IN SOUTHEAST ASIA

The interaction between the European and Far Eastern conflicts was greatly increased by Hitler's series of offensives in the spring of 1940. On April 15, one week after the German attack on Norway, the Japanese Foreign Minister, Hachiro Arita, requested the Dutch Ambassador to transmit a statement on the Netherlands Indies to The Hague. After lengthy conferences of the Cabinet heads at Tokyo, this statement was made public on April 16. Intended apparently as a warning to the Western powers, it declared that Japan, as well as "other countries of East Asia," maintained "close economic relations" with the Netherlands Indies. Should extension of European hostilities to the Netherlands "produce repercussions" in the islands, the statement continued, it would not only interfere with these relations but would also "give rise to an undesirable situation from the standpoint of peace and stability in East Asia. In view of these considerations, the Japanese government cannot but be deeply concerned over any development accompanying the aggravation of the war in Europe that may affect the status quo of the Netherlands Indies."⁴¹

Signs of greater Japanese interest in the Netherlands Indies, following the outbreak of war in Europe, had already appeared in two previous instances. In the autumn of 1939 an Institute of the Pacific, composed of prominent Japanese figures, had been founded in Tokyo. Shortly after its formation, the Institute had issued statements which emphasized the "golden opportunity" in southeast Asia presented to Japan by the European war.⁴² Since the Institute was an unofficial organization, no official responsibility could be attached to these statements. The second case was more significant. On February 12, 1940 the Japanese government formally denounced the Japanese-Netherlands arbitration treaty. The official Japanese statement accompanying this action declared that its "sole purpose" was to accelerate revision of the treaty, in order that Japan would "not be further bound

by it in case the conversations for treaty revision do not reach a conclusion" by August 11, 1940, the date of expiration.⁴³ No direct mention of the Netherlands Indies was made at this time, although the implication seemed to be that Japan was anxious to free its hands should action become desirable. The Arita declaration of April 16, however, was much the most direct and formal approach toward the wartime issues raised by this rich and strategic colonial area.

The response from Washington was immediate, taking the form of a vigorous statement by Secretary Hull on April 17. After referring to the Netherlands Indies' importance in world trade and to the substantial dependence of many countries, including the United States, on certain of the islands' products, he declared: "Intervention in the domestic affairs of the Netherlands Indies or any alteration of their status quo by other than peaceful processes would be prejudicial to the cause of stability, peace and security not only in the region of the Netherlands Indies but in the entire Pacific area." This declaration was supported by reference to the Four-Power Pact of 1921 under which Japan, along with France, Britain and the United States, had agreed to respect the integrity of the Netherlands' insular possessions in the Pacific. In conclusion, Mr. Hull stated that it was the hope of the American government, "as it is no doubt that of all peacefully inclined governments," that fundamental principles such as "the faithful observance of treaty pledges" should govern "the attitudes and policies of all governments," and "be applied not only in every part of the Pacific area, but also in every part of the world."⁴⁴

Official circles in Tokyo greeted this firm rejoinder to the Arita statement with considerable reserve. The Foreign Office merely circulated a reply from The Hague, indicating that in case the Netherlands became involved in the European war it would neither request nor accept aid from any power in protecting the East Indies.⁴⁵ At Washington the Japanese Ambassador, Kensuke Horinouchi, after an interview with Secretary Hull on April 20, disclaimed any "special" interest of Japan in the East Indies and stated that Japan was "satisfied" with the Dutch statement.⁴⁶ During the course of this diplomatic episode, the American fleet was engaged in maneuvers off the Hawaiian

40. *The New York Times*, June 20, 21, 1940.

41. *Ibid.*, April 16, 1940.

42. Rupert Emerson, "The Outlook in Southeast Asia," *Foreign Policy Reports*, November 15, 1939, p. 208; for background on the Netherlands Indies, cf. Commerce Department survey released on April 19, 1940.

43. For text, cf. *Contemporary Japan*, cited, March 1940, p. 366.

44. For text of Secretary Hull's statement, cf. Department of State, *Bulletin*, April 20, 1940, pp. 411-12.

45. *The New York Times*, April 19, 1940.

46. *New York Herald Tribune*, April 21, 1940.

Islands. The main units of the fleet, comprising approximately 140 ships, 500 planes and 45,000 men, had sailed from San Pedro on April 2, and the maneuvers were concluded on April 26. Ten days later, on May 7, the Navy Department announced that the fleet would be held indefinitely in the Hawaiian area in order to "carry out further tactical exercises."⁴⁷

The German invasion of the Low Countries had meanwhile occurred, leading to the rapid subjugation of the Netherlands and the transfer of the Dutch government to London. In the East Indies the Dutch authorities immediately took firm measures for protection of the islands, including the internment of German nationals and seizure of German vessels. Japan's concern over these developments, heightened by the Allied "protective" occupation of certain islands in the Dutch West Indies, was seemingly allayed by further assurances regarding maintenance of the "status quo" in the Netherlands Indies which it sought and received from the major powers.⁴⁸

Following the French military collapse in June, reports indicated that Japanese naval and military forces were being concentrated at Hainan island, opposite Indo-China. On June 20 the French Ambassador at Tokyo, M. Charles Arsene Henry, signed a statement—pledging French respect for Japan's "military necessities" in China—identical with the Craigie-Arita formula of July 24, 1939. This pledge was implemented at once by an agreement through which France undertook not to transport petroleum, trucks and other materials "of an extremely wide range of varieties" to China on the Indo-China railway. Japanese inspectors "on a large scale," consisting of military officers and diplomats, were to be stationed at Hanoi, Haiphong and other points "to examine the stocks of materials and to control the transportation of goods" in the presence of French customs officials who were obligated to submit all necessary data.⁴⁹ At Chungking the Chinese Foreign Minister, Wang Chung-hui, condemned French acquiescence in these demands on June 23 and declared that, in case of an armed Japanese invasion of the French colony, China "would take such measures in self-defense as might be deemed necessary."⁵⁰ Chinese military intervention against Japan in Indo-China was clearly implied in this statement.

47. *Ibid.*, May 8, 1940; Naval orders suspending all personnel transfers were disclosed on May 9.

48. *The New York Times*, May 12, 18, 1940; cf. also Department of State, *Bulletin*, May 11, 1940, pp. 493-94.

49. *New York Herald Tribune*, *The New York Times*, June 21, 1940.

50. *The New York Times*, June 24, 1940.

Japanese troops had meanwhile taken up positions along Hongkong's mainland boundary, while on June 25 Tokyo ordered fleet units to the Indo-China coast and demanded that Britain close the Burma-Yunnan road. One day earlier reports had become current that the bulk of the American fleet had left Hawaii under secret orders, presumably for the Atlantic.

SOVIET-JAPANESE RELATIONS

The truce to hostilities on the Mongolian-Manchoukuo border, concluded two weeks after the outbreak of war in Europe, gave rise at the time to reports that a general rapprochement between Japan and the Soviet Union, possibly taking the form of a non-aggression pact, was imminent.⁵¹ Ten months later, despite agreements reached on several pending questions, the larger expectations had still not been fulfilled.

For Japan's part, the truce was rendered advisable by heavy losses in the Nomonhan region,⁵² and by the fact that the Soviet-German pact eliminated any immediate possibility of German military support against the U.S.S.R. It represented a necessary phase of the new Cabinet's efforts to adjust relations with foreign powers,⁵³ but the lengths to which such a readjustment should proceed were never defined. On the Soviet Union's part, Premier Molotov, addressing the Supreme Soviet in Moscow on October 31, termed the Nomonhan conflict "absolutely unnecessary," spoke of "the beginning of improvement in our relations with Japan," and stated that "we look with favor on Japanese overtures of this kind."⁵⁴

For some months thereafter gradual progress toward settlement of certain outstanding Soviet-Japanese issues was apparent. A joint border commission, set up in December to delimit the boundary in the disputed Nomonhan area, held sessions at Chita and Harbin. Negotiations were started on the fisheries question, and on December 31 a protocol extending the Soviet-Japanese fishery convention for one year was signed at Moscow. Article 2 of this protocol stated that a new convention, presumably for a long term, would "be concluded in the course of the year 1940."⁵⁵ Coupled with this *modus vivendi* on the fisheries problem was a second agreement, under which Manchoukuo paid

51. *The New York Times*, September 16, 1939.

52. By official admission Japan suffered a total of 18,000 casualties in the border fighting. Cf. statement by Bureau of Information, War Department, *Tokyo Gazette*, November 1939, p. 196.

53. Cf. p. 101.

54. *New York Herald Tribune*, November 1, 1939.

55. For text of protocol, cf. *Tokyo Gazette*, February 1940, pp. 306-307.

the last instalment on the purchase price for the Chinese Eastern Railway, which had been held up since March 1938.⁵⁶ It was significant that, in these matters, Japan had accepted the Soviet contention that the railway payment should be cleared up before progress could be made on the fisheries issue. The outlook for Soviet-Japanese relations was still further improved when, on January 10, 1940, a Japanese trade mission began negotiations for a commercial treaty at Moscow.⁵⁷

During the early months of 1940, however, a series of difficulties arose. The joint boundary commission for the disputed Nomonhan area, after sixteen meetings at Chita (December 7-25) and Harbin (January 7-30), proved unable to reach an agreement. In view of this "divergence of opinions," the commission decided on January 30 to "close its business."⁵⁸ In consequence of this failure, efforts which had been proceeding to establish joint commissions, covering the whole of Manchoukuo's frontier, for boundary delimitation and settlement of disputes,⁵⁹ apparently came to a halt. No news has been forthcoming with regard to the course of the negotiations for a new fisheries convention. In the case of the trade negotiations at Moscow, early optimistic reports were belied by the breakup and dispersal of the Japanese trade mission on April 7.⁶⁰ Ten days earlier Premier Molotov had declared to the Supreme Soviet: "We cannot express great satisfaction over our relations with Japan," even though "we have—not without some difficulty—settled several questions."⁶¹

The Japanese trade mission dispersed the day before the German invasion of Denmark and Norway. One week later Shigenori Togo, Japanese Ambassador at Moscow, received direct orders from Tokyo to ask for resumption of trade negotiations. Reports from Moscow on April 19 indicated that

56. This agreement in itself involved a compromise. The final payment included interest charges, but was reduced by an amount covering part of certain financial claims made by Manchoukuo. In addition, the Soviet Union agreed to accept two-thirds of the adjusted payment through purchase of goods from Japan and Manchoukuo. Cf. text of communiqué by the Foreign Office Information Bureau, *Contemporary Japan*, cited, February 1940, p. 234.

57. The total Soviet-Japanese trade turnover had dropped from ¥52,683,503 in 1936, the year the German-Japanese anti-Comintern pact was concluded, to ¥671,909 in 1939. *Monthly Return of the Foreign Trade of Japan* (Tokyo, The Department of Finance), December 1940, pp. 8-9.

58. Communiqué issued by the Commission, *Contemporary Japan*, cited, March 1940, p. 351.

59. For these efforts, cf. communiqué issued by the Foreign Office Information Bureau, *ibid.*, February 1940, pp. 234-35.

60. *The New York Times*, April 8, 1940. Shikao Matsushima, head of the trade delegation, assumed the post of Minister to Sweden. Members either returned to Japan or went on to other European capitals.

61. *Ibid.*, March 30, 1940.

these negotiations had been resumed and were "being pushed forward actively."⁶² An agreement demarcating the boundary in the disputed Nomonhan area on the Outer Mongolian-Manchoukuo frontier, moreover, was signed in Moscow on June 9.⁶³ During the past winter, Tokyo evidently slowed down negotiations with Moscow after recognizing that there was no likelihood of achieving its objective of inducing the U.S.S.R. to cease aiding China. Now, however, Hitler's successes in Europe seem to have strengthened Japan's desire to reach an agreement with the Soviet Union on any terms that would permit the marshaling of its power in southeast Asia. In China, at least, it is likely that Japan will continue to meet Soviet opposition.

JAPAN AND THE AXIS

During the summer of 1939 Japan had moved cautiously toward closer relations with Germany and Italy, its partners in the anti-Comintern pact. The readjustment of Japanese policy which followed the European war slowed down this process. At Berlin the Japanese Ambassador had protested against the Soviet-German non-aggression treaty as a violation of the spirit of the anti-Comintern pact.⁶⁴ Yet the coolness which developed between Japan and Germany never amounted to an open break, and Japan continued to develop its contacts with Italy. Japanese policy shifted toward conciliation of the United States, Britain, and the Soviet Union, but without any surrender of the axis connections. Addressing the Diet on February 1, 1940, the Japanese Foreign Minister, Hachiro Arita, declared that Japan would "continue to cultivate . . . intimate relations with all the signatory Powers of the Anti-Comintern Agreement."⁶⁵

In the first stage of the European war, Japan could secure little practical advantage from either Germany or Italy. Its trade relations with the Reich were disrupted, while its commercial interchange with Italy was not large enough to be a serious factor. The axis powers, nevertheless, continued to court Japan at every opportunity. On January 22 Count Ciano, Italian Foreign Minister, telegraphed "most sincere felicitations" to Wang Ching-wei, and added: "I assure you that Fascist Italy is ready to offer your work of national reconstruction her comradely collaboration."⁶⁶ After Hitler's victories in Europe, the ties between Japan and the axis powers were again drawn closer. Many signs of Japanese-

62. *Ibid.*, April 20, 1940.

63. *Ibid.*, June 10, 1940.

64. *New York Herald Tribune*, August 26, 1939.

65. *Tokyo Gazette*, March 1940, p. 347.

66. *Christian Science Monitor*, January 22, 1940.

Italian collaboration were apparent at Shanghai, and Italian recognition of the Nanking régime is expected to follow shortly after Japan's act of recognition.⁶⁷ A Japanese mission, fêted at Rome in May, renewed a trade agreement with Italy late in June.⁶⁸ Similarly, Germany's reply to Arita's query regarding the Netherlands Indies—that Berlin was "not interested in the problem"—was interpreted as giving Japan a free hand in the Far East.⁶⁹ The anti-Comintern triangle which, even before the European war, had been directed against the interests of the democracies in China, was advancing to an attack on the colonial possessions of the Western powers throughout Asia.

A CHOICE FOR AMERICAN POLICY

The rapid advance of German arms in Europe has created new and more critical problems for American policy in the western Pacific. Unsettled issues that have lingered on for nearly a decade in the Far East have suddenly become more urgent as a result of the European crisis. Japanese aggression, tolerated by the Western democracies in China, threatens now to spread into southeast Asia. If Japan strikes south, this move will doubtless be synchronized with the period of maximum German-Italian pressure in Europe. How, then, can the United States effectively counter the blow, especially if the fleet is recalled to the Atlantic?

Confronted with this dilemma, an influential section of American opinion is advocating the necessity of a comprehensive agreement with Japan on Pacific issues. Speaking at Washington on June 9, Senator Arthur H. Vandenberg proposed that the United States should "write a new commercial and political treaty with Japan—if reasonably possible—which would stabilize our relations in the Far East."⁷⁰ The assumption underlying this proposal is that the United States does not possess sufficient strength to oppose Japan in the Far East at the present moment, and should therefore adopt a policy of conciliation. When the details that might presumably be involved in such an agreement are examined, however, the real difficulties become apparent. A new Japanese-American trade treaty or even the gift of China, if it could be given, would not necessarily satisfy Japan. To the extent that

67. *The New York Times*, May 15, June 4, 1940.

68. *Ibid.*, June 6, 22, 1940.

69. *New York Herald Tribune*, May 23, 1940.

70. *New York Herald Tribune*, June 10, 1940. Walter Lippmann had previously advocated a similar policy in his *Herald Tribune* column for June 6, 1940.

such concessions enabled Japan to strengthen its positions in China, the way for a further move into southeast Asia would have been prepared. And when the conditions were propitious Japan would take action, whether paper pledges existed or not, as its violation of the Nine-Power Treaty indicates. The history of efforts to appease the European dictators should have become sufficiently clear to prevent a repetition of these mistakes in the Far East.

A second group of Americans, represented by Colonel Henry L. Stimson, would therefore favor continued support of China as the best defense of the United States in the Far East. More extensive aid to China at this time, including additional financial support and even a minimum of military supplies, would place further limitations on Japan's freedom of action. The American defense program, which has already led to restrictions on the export of machine tools, is tending in the same direction. A new defense law, passed by the Senate on June 11 and previously approved by the House, authorizes the President to levy an embargo on the export of military equipment and "machinery, tools, or material or supplies necessary for the manufacture, servicing, or operation thereof."⁷¹ Under the provisions of this law, the President is empowered to impose a comprehensive embargo on sale of American war materials to Japan. These measures might be further strengthened by the negotiation of a Soviet-American agreement on Far Eastern issues pledging both parties to the maintenance of China's independence and the *status quo* in southeast Asia. Unless an agreement of this nature can be reached, there is every indication that the Soviet Union, while continuing to aid China, will assume a non-committal attitude toward a Japanese excursion into the South Seas.

The United States thus faces a crucial decision on Far Eastern policy. Recent history offers slight hope that efforts to conciliate Japan through concessions will prove a realistic and workable safeguard for American interests in the Pacific. It remains to be seen whether firm measures, applied at this late date, would restrain Japan or, on the contrary, provoke it to retaliatory action. The dilemma is one that cannot be easily resolved. Effective American opposition to further Japanese aggression, unless close Soviet-American cooperation could be achieved, is probably limited to the period within which the fleet can be kept in the Pacific. A final decision, given the speed with which events are now moving, cannot be long postponed.

71. *Congressional Record*, 76th Congress, 3d session, June 11, 1940, p. 12047.

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by D. H. Popper, J. C. deWilde